



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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March 18, 2009

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To: Supervisor Don Knabe, Chairman  
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Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

### **SACRAMENTO UPDATE**

This memorandum contains the status of the State Controller payments to counties, a pursuit of County position on legislation for Medi-Cal eligibility for children, and a pursuit of County position on two County Waterworks District items for inclusion in legislation.

#### **State Controller Resumes February Payments**

As previously reported, last month the State Controller began delaying payments to counties for certain programs until adequate solutions to address the State's cash shortfall were in place. Since the enactment of the FY 2009-10 State Budget Act on February 20, 2009, the State Controller announced his plan to resume payments.

This morning the Treasurer and Tax Collector confirmed that the County has received three payments which were deferred in February. The payments include: 1) \$9,432,500 for the State's portion of the CalWORKs Program due on February 13, 2009; 2) \$4,809,010 for various social services programs for February 26, 2009; and 3) \$9,700,764 for the State's portion of the CalWORKs Program due on February 26, 2009. While the State Controller's March 6, 2009 press release indicated that March payments will be made as scheduled, the County has not received payment in the amount of \$9,394,716 for the CalWORKs Program, which was due on March 13, 2009.

*"To Enrich Lives Through Effective And Caring Service"*

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**Pursuit of County Position on Legislation**

**SBX3 24 (Alquist)**, as amended on March 16, 2009, would suspend existing State law, which requires semi-annual reporting to maintain Medi-Cal eligibility for children under 19 years of age and temporarily reinstate 12-month continuous eligibility. This change is necessary to ensure that the State receives funding from the temporary increase in the Federal Medical Assistance Percentage (FMAP) pursuant to the recently enacted H.R. 1, the American Recovery and Reinvestment Act. The FMAP increase is available until December 31, 2010. The suspension of the semi-annual reporting requirement would remain in effect until the Director of the California Department of Health Care Services declares that increased FMAP funds are no longer available. Upon the declaration, semi-annual reporting would resume until July 1, 2012, and the current sunset date to repeal this requirement would be extended from January 1, 2012 to January 1, 2013 unless a later statute is enacted to delete or extend that date.

The American Recovery and Reinvestment Act, requires states to maintain Medicaid eligibility standards, methodologies, or procedures at the July 1, 2008 level to qualify for the temporary FMAP increase. As reported in our March 6, 2009 Sacramento Update, failure to suspend or repeal the semi-annual reporting requirement before June 30, 2009, could prevent the State from receiving an estimated \$2.0 billion in FMAP funds retroactive to October 1, 2008. If the State is not eligible to receive the FMAP increase, the County could lose an estimated \$139.6 million in savings for the period covering October 1, 2008 to June 30, 2009.

Therefore, consistent with our Sacramento Update of March 6, 2009 to support AB 23, SBX3 26, SB 337, or similar legislation to reinstate 12-month continuous Medi-Cal eligibility for children, and existing Board policy to support proposals, which provide a greater share of available Federal funding to the County or the State and policy to simplify Medi-Cal eligibility and promote retention of benefits, **the Sacramento Advocates will support SBX3 24** to suspend semi-annual reporting and temporarily reinstate 12-month continuous Medi-Cal eligibility for children.

Pursuant to the Governor's December 19, 2008 proclamation of a State fiscal emergency, **SBX3 24** is an urgency measure and would become effective upon enactment. This measure is supported by the California State Association of Counties, the Urban County Caucus, the Regional Council of Rural Counties and the County Welfare Directors Association. There is no registered opposition on file. The bill is scheduled for hearing in the Senate Budget Subcommittee No. 3 on March 18, 2009.

We will continue to keep you advised.

WTF:GK:MAL  
MR:VE:LY:sb

c: All Department Heads  
Legislative Strategist